# The Reality of Aid

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## Reality of Aid Network holds Strategic Planning Workshop for 2016-2020



The Reality of Aid Network conducted a strategic planning workshop on the 25th-26th of January 2016 in Tagaytay City, Philippines. The event was organized to strengthen RoA's institutional capacity to continue to function as an independent and efficient global network. Members of RoA's International Coordinating Committee (ICC), other key RoA members, and the Global Secretariat participated in the activity.

This 2-day event aimed to discuss the network's strategic directions and options to address the issues and challenges facing the network. The objectives of the 2-day workshop were to:
• Analyze and refine RoA's mission, vision, values and objectives in line with the changing global context;
• Develop draft strategies and priority options to help the network realize its objectives and address the following:
  (a) defining its unique value proposition (UVP);
  (b) preserve network relevance and sustainability;
  (c) navigate external issues and challenges; and
  (d) preserving gains, successes and practices
• Provide the framework for a corresponding action plan;
• Identify sustainable fundraising strategies; and
• Develop more effective communication and collaboration strategies.

The outputs and discussion outcome from the strategic meeting will feed into the development of RoA's 2016 to 2020 Strategic Plan, which will be launched in the second semester of 2016.#

# Reality of Aid holds Workshop on Measuring Effective SSDC, releases new publication



This two-day Technical Workshop was organized to develop and finalize a monitoring tool for South–South Cooperation (SSC) in preparation for the second round of monitoring of the Global Partnership for Effective Development Cooperation (GPEDC). The workshop was composed of sessions in three SSC issue areas: adoption of SSDC principles, monitoring progress (in terms of indicators, data collection, and management), and monitoring progress (in terms of monitoring and evaluation), then followed by the presentation of the draft framework document. There were also moving breakout groups focusing on each of the three issue areas.

After the workshop, the SSC WG held a meeting to assess the workshop, and plan for the next steps of the working group.

The Reality of Aid and CPDE also released the "Country Studies on South-South Cooperation." The compilation includes case studies on Argentina, Brazil, Cuba, Kenya, Kyrgyzstan, among others. The publication was first distributed in the Workshop on Measuring Effective SSDC. The publication is already available for download at the ROA website: http://www.realityofaid.org/roa_report/country-case-studies-on-south-south-cooperation/
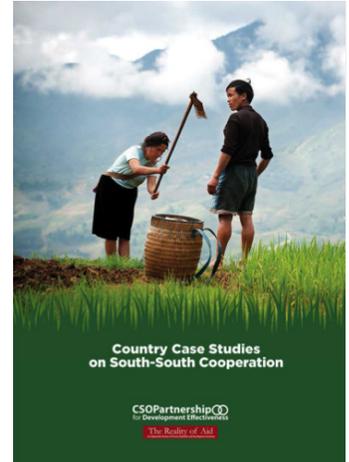


# Asia-Pacific

# AP CSOs call for CSO Enabling Environment in Regional Forums on Sustainable Development

Over 135 CSOs participated in the Asia Pacific CSO Forum on Sustainable Development facilitated by the Regional CSO Engagement Mechanism (RCEM), and Asia Pacific Forum on Sustainable Development convened by UN ESCAP on March 31-April 05 in Bangkok, Thailand.

CSO delegates brought into discussion regional priorities and their interrelation with the goals, targets, and indicators of the Sustainable Development Goals. Issues of



militarism, accountability, human rights, urbanization, and environment among others feed into the CSO statement as part of the implementation of the 2030 Agenda as well as into the people's regional roadmap.

Through a side event, CPDE Asia (in which ROA Asia-Pacific serves as the secretariat) steered conversation on CSO diminishing democratic spaces in national and regional levels, highlighting the need for CSO enabling environment and denouncing legal and extra-legal trends that restrict CSO participation in development processes in the region.

CSOs affirm the need to actively and continuously (1) engage and participate in the creation of robust and dynamic review and accountability mechanism that would foster knowledge sharing, substantial participation, reciprocal learning, and promote shared accountability for regional challenges and opportunities; (2) assert for formal structure for effective dialogue where CSOs will be involved and represented, on a regular and permanent

basis; and (3) encourage governments to remove barriers that undermine and restrict CSO spaces to perform their roles in development processes.

During both events, CSOs asserted its right to be recognized and engaged as equal partner in all political processes to co-determine a bold, transformative, and people-centered sustainable development.#

# CSOs demand accountability, lament tokenistic CSO space in the FfD regional dialogue

The United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) held the First High-Level Follow-up Dialogue on Financing for Development in Asia Pacific on March 30-31, 2016 in Incheon, South Korea. More than a hundred participants attended the event, including nine (9) representatives from civil society organizations. The event was organized to provide different development actors a venue to review the Addis Ababa Action Agenda (AAAA) commitments and discuss strategies for their implementation. The High-Level Follow-up focused on six key issues: regional tax cooperation, capital markets, institutional investors, financial inclusion, climate finance, and South-South cooperation and triangular development cooperation.

Space for civil society participation was tokenistic at best, with CSO delegates limited to short interventions, and not provided speaking slots in the panel sessions. The dialogue highlighted technical aspects of taxation/gathering revenue from various sectors, trade, technology use, reducing illicit financial flows, and development cooperation but most panelists did not discuss how these affect the grassroots communities, especially the vulnerable and marginalized sectors.

CSO delegates brought into the table the issue of shrinking space for civil society organizations due to restrictive laws implemented by various governments in the region, making it a struggle for many CSOs to exercise their right as development actors. Another issue is how several large-scale infrastructure projects have adversely affected grassroots communities. Military instruments have been utilized in land grabs, forced evictions, and other human rights violations. Some projects also have caused severe and irreparable damage to the environment. The most vulnerable to these are the marginalized sectors: the women, children, indigenous peoples/cultural minorities, farmers and fisherfolk, the urban poor, among others.

The Reality of Aid (RoA) pointed out that although South-South cooperation is premised on solidarity among Southern countries, SSC should still be subject to close scrutiny through the lens of SSC principles (non-conditionality, respect for national sovereignty, mutual benefit, among others), including rights-based approaches, to prevent

these from evolving into new forms of inequality and underdevelopment. Queenie Diane Malabanan of RoA stated that "the demand of developing countries to untie foreign aid applies to both Northern and Southern donors... the recipient country must be given leeway in applying its own procurement systems and standards to South-South and triangular cooperation projects based on its own priorities and needs."

In the issue of regional tax cooperation, CSOs emphasized the need for transparency and allocation for services for the people. "The Proposal [of Asia-Pacific Tax Forum] should create a notion that raising of revenues should be accompanied by transparent and participatory budget processes; on the other hand the spending policy should aim for poverty reduction, environmental sustainability and ensure provisions for social services and social protection," said Titi Soentoro of Aksi! for Gender, Social and Ecological Justice – Indonesia.

In response to these issues, CSOs call on the substantial inclusion of CSOs and local communities in the decision-making, implementation, assessment & monitoring phases of infrastructure projects to make sure that people's voices will be heard. Social and environmental safeguards to protect the environment and communities affected by development projects should be put in place. CSOs stressed the importance of country and democratic ownership, mutual accountability and transparency, and CSO engagement in development cooperation.The CSO delegates also called for the inclusion of CSOs in future follow-up dialogues and to secure their space to share experiences and recommendations in the area of financing for development.#

# ROA AP joins Workshop on Planning and Budgeting for Results: Leveraging Resources to Deliver Impact

On March 20-21, the Asia Pacific Development Effectiveness Facility (AP-DEF) and Global Partnership Initiative on Results and Mutual Accountability facilitated a regional workshop on Planning and Budgeting for Results: Leveraging Resources to Deliver Impact in Dhaka, Bangladesh. Senior government officials with planning and finance functions from six countries (Bangladesh, Cambodia, Lao PDR, Mongolia, Nepal and Vietnam) as well as private sector and civil society representatives from the Philippines met to discuss country experience and potential next steps in promoting stronger links between development finance and national development priorities and the SDGs.

This workshop aims to build a common agenda in taking forward the Development Finance Assessment implementation roadmap focusing on the role of the government as well as other development partners in advancing key strategic priorities such as: (1) quality of budget; (2) domestic resource mobilization; and (3) private sector resources.

The Reality of Aid - Asia Pacific (RoA-AP), through its CPDE work in Asia, presented CSO perspectives in adopting more integrated financing for national plans and SDGs. As the sole CSO representative in the workshop, RoA-AP discussed the need to acknowledge and safeguard human rights-based approach and development effectiveness principles as cornerstones to any kind of cooperation for development.

RoA-AP also forwarded diminishing CSO democratic spaces in the region thus, the need for an enabling environment that is consistent with international human rights norms to maximise CSO contribution and participation in development processes. As bare minimum, any development cooperation strategies should not undermine and restrict CSO spaces to perform their roles in development processes, specifically pointing at the legal and extra-legal trends existing in the region.#

## Africa

# Updates on CSO Participation in the Second Monitoring Round

Reality of Aid Africa Network gathered over 20 CSOs for a workshop that was held on 20th February 2016.

The meeting's objectives were to:
i. Give a chance to CSOs to respond to the questionnaire on Indicator 2: CSO Enabling Environment

ii. Inform CSOs on the monitoring exercise and its importance being conducted by government in collaboration with development partners and CSOs



iii. Discuss way forward for CSOs in terms of engaging effectively in the monitoring exercise in a meeting and provided data for Indicator 2.

Representatives then took part in a pre-validation workshop with government and development partners where data collected was then verified and finally disseminated at the national validation workshop organized by the National Government on 7th April 2016.

For the CSO workshop report, please visit: http://bit.ly/1VNvpor

For the Kenya National Validation Workshop final findings presentation, please visit: http://bit.ly/23UY3s5

# ROA Africa holds Capacity Strengthening Workshop regarding Development Effectiveness for Central Africa



• Empower CSOs with the vital tools to monitor the implementation of the Busan commitments regarding the Rights-Based Approach(RBA) to development; and

• Train CSOs on how to monitor the Istanbul Principles with a special focus on setting accountability standards for civil society entities.

Christine Andela, the Central Africa sub regional head of CPDE Africa, strongly urged the regional coordinators, focal points and all workshop participants to implement the resolutions validated and adopted at the workshop which mainly focused on fostering civil society efficacy towards the implementation of the eight Istanbul Principles, working towards advocating for CSOs to access public funds through an incentivized legal framework, replication of the knowledge sharing platform on global partnership in the Central African countries among others.

Reality of Aid Africa Network conducted a CPDE capacity building workshop in February 2016, in Yaounde Cameroon. The training targeted national and provincial based CSOs from Rwanda, Burundi, Congo DRC, Congo Brazzaville, Cameroon and Gabon working on policy dialogue and advocacy, mobilization of grassroot communities, research, among others.

The workshop's main objectives are to:
• Prepare Central African CSOs to engage in advocacy work to get the government, development partners, the private sector and parliamentarians to engage in the implementation of the Busan commitments;

To delve into the report further, kindly visit: http://bit.ly/1WQ6orw

# Enabling Environment Country Report: Shrinking Civic Space in Zimbabwe

The Zimbabwe Enabling Environment study was conducted by The National Association of Youth Organizations (NAYO) that envisions a repositioned, redefined and enhanced role for youth in community, national and regional developmental processes. The report acknowledges the Busan Partnership which affirms CSOs role as independent development actors in their own right and highlights within the context of Zimbabwe issues within the enabling environment that have created or limited space for CSOs. The advent of the new constitution sets a window of hope in strengthening the development effectiveness agenda within the country as the constitution promotes civic participation, guarantees the freedom of assembly and association, promotes human rights and fosters good governance. These are critical for CSOs engagement, participation and development work. Zimbabwe has ratified various human rights instruments which include the International Covenant on Civil and Political Rights (ICCPR); International Covenant on Economic, Social, and

Cultural Rights (ICESCR); Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW); African Charter on Human and Peoples' Right and the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa. These provide guarantees for CSOs to enjoy rights to association, peaceful assembly and expression allowing for their work to progress smoothly.

Since the tenure of its office in 2013, the government has made efforts to engage with CSOs, as well as the international community. For instance, Zimbabwean CSOs were consulted in the process of the preparation of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset) in the last quarter of 2013. The government is in the process of aligning laws and has continued to make use of old laws, some of which have reinforced a restrictive environment on the part of CSOs. It is important to note that Zimbabwe has placed frameworks both

at law and policy to regulate the work of CSOs. However most of these have come under sharp criticism for restricting the environment of CSOs. Succinct examples of draconian legislation include: the Public Order and Security Act (POSA) and the Access to Information and Protection of Privacy Act (AIPPA) which work hand in glove curbing freedoms of assembly; association; media and access to information and the Zimbabwe Youth Council (ZYC) Act and Statutory Instrument (S.I) 4 which both curtail youth rights to freedom of association limiting the growth of vibrant youth movements within the country. Owing to the continued stance by government of suppressing the work of CSOs, the report highlights the plight of CSOs working in Zimbabwe sharing recent cases which demonstrate the urgent need for CSOs to be supported. It notes the disappearance of human rights activist and journalist Itai Dzamara, the continued arrests of CSO leaders and denial of the right to peaceful assembly of CSOs such as Women of Zimbabwe Arize (WOZA). The report proffers recommendations based on best practice within the region and the lived realities of CSOs that were engaged in the process of creating the country report.

The report was recently highlighted at the global day of action that took place in Zimbabwe that drew more than



150 participants, with the EU ambassador as the guest of Honor; other notable guests being Dr. Cephas Zinhumwe of NANGO, Dr. Patson Dzamara the brother to abducted Itai Dzamara, leaders of 13 political parties, the church, private sector, students and among other international partners.

Read more at: http://www.modernghana.com/news/694057/civic-space-shrinking-in-zimbabwe-csos-enabling-environment.html

To download the full report, kindly visit: http://bit.ly/24aQXus

## Latin America and the Caribbean

## Meeting with the International Cooperation General Director of the Argentinian Chancellery

Last May, Regional Coordination of CPDE LAC (CSO Partnership for Development Effectiveness – Latin America and the Caribbean) and members of CPDE Argentina including unions and CSOs met with the new International Cooperation Director General of the Argentinian Chancellery, Ana Ciuti.

Participants presented the CPDE-LAC organizational structure and agenda. Five points were specifically highlighted in the agenda:
- Enabling Environment for CSOs
- Private Sector role in International Cooperation
- The development model we want
- 2030 Agenda: Unions highlighted the Goal No.8: decent work and economic growth, and CPDE in general stresses Goals 16 and 17 (Peace, Justice and solid institutions;

and Partnership to achieve the goals).
- South South Cooperation

South South Cooperation as implemented by FO-AR will specially prioritize Triangular SSC this year with countries like Spain, with a project on Youth in El Salvador. With Switzerland, Nicaragua and Colombia, participating in the peace process. Also, Triangular CSS with international organizations like FAO, for capacity building in Argentina with different partners like Honduras, Nicaragua, El Salvador, etc.



Regarding the Sustainable Development Objectives of the 2013 Agenda approved last year, the Director commented that the General Directorate of International Cooperation (DGCIN) is focusing in the Goals No.16 and 17, regarding Peace, Justice and Solid Institutions, and Partnerships to achieve the goals, respectively.#

# Seminar on Integration and South South Cooperation in Latin America

The seminar tried to produce elements of analysis that contribute to the critical comprehension of the national and regional strategies on integration and SCC in Latin America, with an special focus on the case of Ecuador. It was framed on the quantitative and qualitative growth of the SCC experience in countries such as Argentina, Brazil Colombia, Chile, Cuba, Ecuador, Mexico and Venezuela, among others.

The dynamism and reformulation of the processes of regionalization and integration in Latin America –be it under the frame of postliberal regionalism (UNASUR; ALBA; CELAC; MERCOSUR), or under the resurgence of the CEPAL open regionalism of the 90s, represented by the "Alianza del Pacifico" (Chile, Mexico, Colombia, Peru) – raises the challenge of analyzing the features and political sense of each of thee mechanisms, as well as their direction and inter-relation with the future perspectives of multilateral agreements of trade liberalization represented by the stagnation of the Doha Round in the WTO, the re-activation of regional agreements (UE Mercosur, UE Ecuador)

and the negotiations for the configuration of commercial mega-bricks patronized by the US (TPP and TTIP). The increasing economic and political presence of China in Latin America, as well as the military re-positioning of the US in the region, are also geopolitical and geoeconomical factors in order to understand this process and advance in the debate.

We attached the link to the material for download and complete reading: http://www.academia.edu/5913218/_Latinoam%C3%A9rica_dividida_Procesos_de_Integraci%C3%B3n_y_Cooperaci%C3%B3n_Sur_-_Sur

# Revista AOED ALC- ALAI: ¿Qué cooperación para qué desarrollo?
## América Latina en Movimiento, No. 515, Julio 2016
### (CPDE LatAm – ALAI Magazine: Which cooperation for what development? Latin America in Movement, Nº515, July 2016)
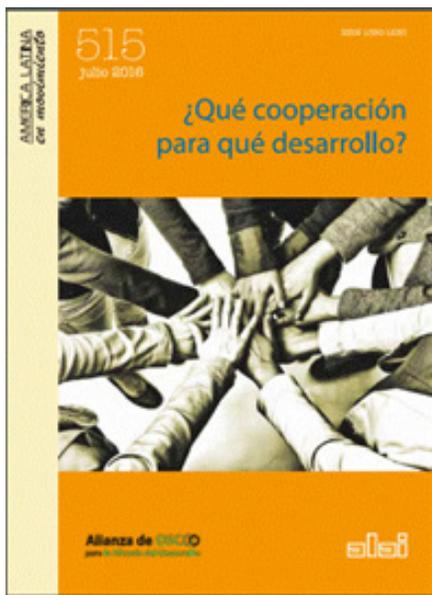
Central countries look internally and, when they propose external cooperation, it consists in operations relevant to promoting international trade. Cooperation has been focused in aid to countries that suffer humanitarian or natural catastrophes. The International Development Cooperation logic is set aside and diminished. In this context, how do we develop our own model?

This is the subject of the 515 edition (July 2016) of the magazine "Latin America in Movement", co-edited with the CPDE for Latin America and the Caribbean. The magazine includes different articles from the different sectors of CPDE LatAm, such as the feminist sector, faith-based organizations, youth, unions and regions.

We attached the link for download and complete reading. Digital edition in PDF: http://www.alainet.org/es/revistas/515  To acquire the printed version, visit: http://alainet.org/como-adquirir

## Book: Rethinking Canadian Aid, Second Edition



This revised edition of the book not only analyzes Canada's past development assistance, it also highlights key opportunities in the context of the recent change in government. Designed to reach a variety of audiences, the book showcases contributions by twenty scholars and experts in the field, who offer an incisive examination of Canada's record and initiatives in Canadian foreign aid, including its relatively recent emphasis on maternal and child health and on the extractive sector, as well as the longer-term engagement with state fragility.

Source: CCIC Monthly E-bulletin May-June 2016. Retrieved from http://www.ccic.ca/flash/flash_2016_07_e.html

## Tremendous success of CCIC Women Leaders' Forum!

On March 10 and 11, CCIC organized its first ever Women Leaders' Forum, which brought together more than 50 women leaders from the sector as well as members of the Emerging Leaders Network.



Focused on enhancing the communications and advocacy skills of influential women in our sector (EDs and CEOs, spokespeople, communications managers), the Forum offered a full day of practical training with Shari Graydon from Informed Opinions, as well as half day of presentations and exchanges with seasoned political strategists on how to best engage the new government. Other important and inspiring highlights of the Forum included a lunch discussion with six women MP from the three main political parties, and the "Women Making Change Soiree" in partnership with the Canadian Museum of Nature.

At the Soiree, the first Karen Takacs Award for Women Leadership in International Development was received on Karen's behalf by Pam Jolliffe, in the presence of members of Karen's family, the Minister of Status of Women Patty Hajdu, as well as other MPs, senior bureaucrats from Global Affairs Canada and other representatives from the sector.

A survey conducted after the Forum conveyed a very high level of satisfaction from participants, and a recommendation that CCIC holds another similar event in the future. Photos from the Women Leaders' Forum are available on CCIC Flickr account.

Source: CCIC Monthly E-bulletin March 2016. Retrieved from http://www.ccic.ca/flash/flash_2016_03_e.html

## Will reporting rule changes agreed by OECD committee undermine the credibility of aid?

**Jeroen Kwakkenbos, Jesse Griffiths**

Ministers and senior officials of developed countries agreed major changes today to what can be counted as Official Development Assistance (ODA, or 'aid'), opening the door for greater use of aid to subsidise private companies. A push by some states for greater aid spending on military and security costs was partly rebuffed, after strong campaigning from civil society organisations, while discussions on how to reduce the huge amount of foreign

aid being diverted to cover spending in donor countries to support refugees will culminate later this year.

The changes to the rules governing what can be counted as ODA were agreed after a two day high-level meeting of the Organisation for Economic Cooperation and Development (OECD)'s Development Assistance Committee (DAC), a grouping of donor countries which has set aid rules since 1961. While the committee discussed whether to improve their transparency and accountability in the future, with a high level panel set to look into this, these rules were set without the participation of the poorer developing countries that will be affected by them.

**Aid subsidies to private companies**

The committee agreed a set of 'principles' to govern the way aid can be used to subsidise private companies, known as using 'private sector instruments.' These instruments include co-financing, public guarantees for private investors, or direct purchase of equity in private companies, for example. Eurodad has warned that international private finance comes with risks as well as rewards, and so the objective should not necessarily be more international private finance, but rather better private finance. However, the committee's communique makes it clear that their aim was to remove "disincentives in the use" of private sector instruments. The specific changes to the rules, contained in an annex to the communique, add an additional, more balanced aim to "promote longer-term support to the private sector where needed, ensuring efficient use of scarce public funds and targeting projects with high expected social returns, without creating market distortions."

The principles will mean that only official (donor government) expenditure will be counted as ODA, but the private finance that this official expenditure subsidises "will be tracked in the broader measures on flows for sustainable development (TOSSD, which the DAC is developing and which Eurodad has previously critiqued).

However, donors will be allowed significant leeway in deciding how to count their private sector subsidies, and how much to count as ODA. The new principles mean donors can choose whether to count their contribution either at the time they give money to an institution or fund that will subsidise private companies (the 'institutional approach'), or to count each subsidy that the vehicle subsequently gives to a private company (the 'instrument-specific approach').

The new principles try to prevent ODA from being used to subsidise purely commercial operations, by insisting

that it must provide "finance which is additional" to what the private financial sector would have provided anyway. Measuring this 'additionality' is a very complex and contested topic, however, and many donors currently just assume it to be the case. The DAC proposes to come up with a definition of what it means by additionality at its senior level meeting later this year. In addition, principles suggest that the 'vehicle providing [the] private sector instrument should be assessed according to how much it has the development of developing countries as "the main and primary objective of its operations", though there is no indication as to what an acceptable level would be, and a lack of clarity on what happens when a vehicle only has a proportion of its activities with a development objective. Again, this principle will be clarified later in the year.

The most complicated, and potentially most dangerous part of the new rules relate to how much can be counted as ODA when the public donor money is 'blended' with private money or used to subsidise a loan. Again, the detail of the rules here will be set out later this year, but the document recognises that using existing rules "could incentivize unnecessary subsidization of private finance." The issue here is the suggestion that as "financing the private sector is generally riskier than the official sector" then "a risk premium in the discount rate" would be needed that is "additional to the already agreed sovereign risk premia". In basic terms, this means, for example, that donors will be allowed to count more ODA for a subsidised loan to a private company than they would for the same sized loan to a government.

Perhaps the biggest loophole is the decision to allow donors to count public guarantees as ODA. Such guarantees occur when a public entity agrees to pay back a private investor if their investment fails (typically for a limited set of circumstances). Instead of taking the obvious approach and only counting money that is actually paid out on these guarantees as ODA, the DAC has set itself the difficult task of working out a different system, based on estimating the degree of risk taken and the operating costs of each guarantee, and then counting some (imaginary) amount of money as ODA.

Another thorny issue had been how to treat the money that donors often earn when they invest through private sector instruments, which ought to be counted as negative ODA. Some Donors had tried to insist that this should be limited, but they appear to have been rebuffed, with the principles saying that "any dividends or profits on [private sector instruments] paid back to the government will count as negative ODA."

As is evident from the above attempt to summarise the

new principles, the DAC has opened up huge, complicated and controversial new areas of donor expenditure as ODA, with enormous potential for differences of approaches between donors. This means that work the DAC secretariat will lead during the rest of the year to put greater clarity behind the agreed principles will be extremely important.

One clear risk is that a portion of the large funds that donors invest to subsidise their own companies' overseas investments – through export credit agencies or publicly owned banks for example – could be counted as ODA, both massively inflating ODA, and undermining its developmental purpose. This is despite the fact that, as Eurodad has pointed out, one of the most effective ways to incentivise private investment is through public expenditure on, for example, the infrastructure, and the educated and healthy workforce that the private sector needs. By trying to incentivise greater use of ODA to subsidise the private sector, the new rules will inevitably reduce the amount of ODA that can be used for these traditional public sector investments, so their overall impact may be to actually reduce the incentives for private investment in developing countries.

This move to use ODA to subsidise donors' own firms is not, sadly, new. Eurodad has long campaigned for an end to the 'tying' of aid expenditure to using firms from donor companies – a practice that is still prevalent, and greatly increases costs, while undermining the developmental purpose of aid. The new rules suggest it is high time this issue was brought back onto the political agenda, if the risk of a wave of donors using even more aid to subsidise their own companies is to be avoided.

**Using aid for military and security expenditure**

Efforts by some countries to greatly expand the loopholes that allow aid to be spent on military and security expenditure were partly held off, thanks to strong pressure from civil society groups, and a determined rearguard from some donors, particularly Sweden.

But Sara Tesorieri, Deputy Head of Eurodad member Oxfam's EU office, said: "We've embarked on a very slippery slope. It is hugely disappointing to see governments taking steps to twist aid into a tool to advance their own security agendas. Measures to prevent terrorism should be a key security task paid from security budgets, not an add-on for which governments raid development aid coffers.

"Governments say they have spelled out a series of safeguards to frame the use of aid for security-related activities. However, they have to make sure there is a mechanism ensuring that these will be enforced and properly monitored on the ground."

The old rules said that "financing of military equipment or services is generally excluded from ODA reporting". The new rules do not make such a clear statement, but they maintain the same two exceptions to this rule – the use of military to provide humanitarian aid or perform development services, with some additional detail as to what this means. They also maintain the old restrictions on the use of aid to support the police, again with a little more detail.

The rules on supporting the recipient country's security sector also remain little changed, with permission for donors to use ODA to improve oversight and reform of the sector (which despite the limits imposed by the rules, can remain a controversial topic) and also for generally accepted purposes such as removal of landmines or the prevention of the recruitment of child soldiers.

The main change to the rules is a new section on 'preventing violent extremism'. While activities focused on "perceived threats to the donor country" are excluded, a limited number of activities that are "led by partner countries [where the] purpose is primarily developmental" are allowed. Despite the careful wording, and efforts to limit the scope of this new section, how donors use it will need to be monitored very closely, given that the nature of what counts as 'extremism' is a highly political topic.
Spending aid at home: refugee costs

Finally, the donor countries of the DAC did not – yet – heed the call of a coalition of civil society organisations, and tens of thousands of their own citizens, to prevent the diversion of ODA to fill domestic budget gaps caused by the refugee crisis, by removing this loophole in the ODA rules. Instead, they agreed to try to clarify these rules, which the DAC estimates will allow $10 billion of ODA to be spent in donor countries in 2016. All eyes will be on the "clear, transparent, and inclusive process" they have promised on this issue, and the public campaign to ensure that aid is spent to support the poorest people and countries, of which Eurodad is a part, will gather momentum.

**eurodad** — European Network on Debt and Development

# The Reality of Aid

An Independent Review of Poverty Reduction and Development Assistance

The Reality of Aid Network exists to promote national and international policies that will contribute to a new and effective strategy for poverty eradication, built on solidarity and equity.

Established in 1993, The Reality of Aid is a collaborative, not-for-profit initiative, involving nongovernmental organisations from North and South.

The Reality of Aid publishes regular and reliable reports on international development cooperation and the extent to which governments in the North and South, address the extreme inequalities of income and the structural, social and political injustices that entrench people in poverty.

The Reality of Aid International Coordinating Committee is chaired by Kavaljit Singh of Madhyam. The International Coordinating Committee is composed of coordinators of component regional networks (RoA Africa, RoA Asia/Pacific, and LATINDADD for Latin America), Canadian Council for International Cooperation, European Network on Debt and Development (EURODAD), and the Global Secretariat Coordinator.

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